

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO (DAYTON)

IN RE: * CASE NO. 19-30822
TAGNETICS INC. * CHAPTER 7
INVOLUNTARY DEBTOR *

RESPONSE TO MOTION TO FORCE ARBITRATION

FROM: Jonathan Hager

I have read the Response to Motion to Force Arbitration from Kenneth W. Kayser and Ronald E. Earley. I agree with the issues they raise in their response and respectfully request the court postpone ruling on the motion to force arbitration until a determination of Tagnetics' solvency is made.

In my position at Tagnetics I have reported to my senior management, Kenneth W. Kayser, CTO, and Ronald E. Earley, President. I have received guidance and tasking as required. During the periods that Tagnetics was unable to make payroll I consulted with these two individuals as to the status and disposition of my pay. As members of the Board of Directors they shared with me the optimistic company outlooks they received from the CEO, John White, which assured them the next deal was coming soon that would repay Tagnetics debt to me and restore Tagnetics to a stable operating entity. I also confirmed my salary was being accrued on the books from Tagnetics CFO until my emails were met with no response in early 2017. There were many instances since 2015 when Tagnetics vendors would contact me about long outstanding invoices and I redirected them to the CFO, President and CEO of Tagnetics since I was not informed about the details of Tagnetics financial position. In 2018 and earlier this year, Mr. Kayser and Mr. Earley shared what they had learned from legal counsel and I agreed with the advisement they received that seeking arbitration for resolution of the unpaid salary would be unsuccessful if Tagnetics was determined to be insolvent.

I would like Tagnetics to recognize the debt that is owed to me under my employment agreement. The financials I recently received through discovery indicate the debt was carried through 2016 but subsequently appear to have been removed from the books along with large debts that had been outstanding to vendors such as Pervasive Displays. I am expecting the current proceedings should include the current disposition of those debts and Tagnetics' plans on how to settle them.

/s/ Jonathan Hager 7/15/2019